

MEETING

MONDAY 13 APRIL 2015

15.00 - 18.30 public meeting

TUESDAY 14 APRIL 2015

9.00 – 12.30 and 15.00 - 18.30 public meeting

Altiero Spinelli 1G3

1. AGENDA

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eMeeting

The [draft agenda](#) (in EN) was emailed to Members on 31 March 2015 and is in the [file for this meeting](#).

2. CHAIR'S ANNOUNCEMENTS

The Chairman draws attention to the following points:

LANGUAGES AVAILABLE

FR, DE, IT, NL, EN, DA, ES, FI, CS, HU, LT, PL, SK, SL, BG, RO

WEBSTREAMING

The CONT meeting is webstreamed on the [Europarl web-site](#). Please be aware that each time a speaker activates the microphone to make an intervention, the camera will be automatically directed to the speaker.

Voting cards

The electronic voting system will be used for the vote scheduled during this meeting and Members are reminded to bring their electronic voting card.

MONDAY 13 APRIL 2015

15.00 - 18.30 Public meeting

Rapporteur for the opinion:
[Patricija Šulin](#) (EPP)

Administrator:
Tereza Pinto de Rezende

Consideration of amendments
Main committee: JURI

CONT Timetable:
Adoption in CONT: 05/05/2015
Adoption in JURI: 16-17/06/2015

Plenary vote: July 2015

3. ANNUAL REPORTS 2012-2013 ON SUBSIDIARITY AND PROPORTIONALITY



The draft opinion received three amendments within the deadline of 30 March at noon. The translated amendments were sent to Members on 10 April and the Rapporteur will have a brief exchange of views with the other CONT Members on those proposals.

Rapporteur: [Karin Kadenbach](#) (S&D)

Administrator:
Tereza Pinto de Rezende

Presentation of the Special Report by the Member of the European Court of Auditors responsible, Iliana Ivanova, and consideration of a working document

4. SPECIAL REPORT NO 3/2015 (2014 DISCHARGE): EU YOUTH GUARANTEE: FIRST STEPS TAKEN BUT IMPLEMENTATION RISKS AHEAD



The ECA published its report in 24 March 2015 where it assessed whether the Commission has provided appropriate support to Member States in setting up their Youth Guarantee schemes and reviewed possible implementation risks. The Court concluded that the Commission provided timely and appropriate support to the Member States. However, three potential risks to the effective implementation of the scheme were identified, namely, the adequacy of the total funding, how a

good-quality offer is defined and the way in which the Commission monitors and reports on the results of the scheme.

The Rapporteur endorses the Court's recommendations and welcomes in particular this assessment which has started at an early stage of the scheme implementation. The Commission is requested to give better guidelines to the Member States and to ensure effective monitoring of the use of funds, especially the European Social Fund (ESF). The scheme should be made simpler to facilitate the implementation by the authorities at the various levels in the Member States and the Rapporteur also asks for more funding, since the scheme will be extended over seven year period. Moreover, the Commission is asked to ensure pre-financing amounts to the Member States as soon as the ESF amended Regulation enters into force. The Rapporteur concludes with a holistic remark that supply-side labour market policies need to be considered in conjunction with education, youth and welfare as well as the bigger macro-economic context.

The Rapporteur's working document (EN) is available on the CONT website.

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2014.

Rapporteur:
[Joachim Zeller](#) (EPP)

Administrator:
 Michael Czapliczki

Presentation of the Special Report by the Member of the European Court of Auditors responsible, Nikolaos Milionis, and consideration of a working document

5. SPECIAL REPORT NO 24/2014 (2014 DISCHARGE): IS EU SUPPORT FOR PREVENTING AND RESTORING DAMAGE TO FORESTS CAUSED BY FIRE AND NATURAL DISASTERS WELL MANAGED?



The EU has a long history of contributing to forest protection, in particular to fire prevention. In the period 2007-13 the European Agricultural Fund for Rural Development (EAFRD) support for restoring forests damaged by natural disasters and fire, as well as for introducing preventive actions, was available through measure 226. At the end of 2012 the total EAFRD support planned for actions under measure 226 was around 1.55 billion euro.

In its findings the Court discovered that the support under measure 226 was not sufficiently well managed and that the Commission and Member States cannot demonstrate that the intended results were achieved in a cost-effective way. Moreover the Commission does not issue specific guidelines on the fire risk classification in order to promote best practices and ensure the comparability and reliability of Member States' fire risk analyses. Additionally the weaknesses identified are likely to persist in the period 2014-2020 since the new proposed monitoring tools have not improved the monitoring framework for this specific support.

The Court therefore recommended that the Commission should verify, during the approval of the Member States' Rural Development Programs (RDP) concerning the period 2014-2020, that the needs for preventive actions in the forests areas where public support is envisaged are adequately described and justified. It should clarify requirements for the actions to be supported under measure 226 to ensure that they contribute significantly to the prevention of fire and natural disasters, in particular when they are part of a profitable economic activity and as such could also be financed under Axis 1 - improving the competitiveness of the agricultural and forestry sector. It should also improve its monitoring of the measures to ensure that the Member States implement it in line with the specific objectives set.

The Court addressed also the Member States and asked them to establish a control system which can ensure effective verification of compliance with the terms under which support is granted. They should pay greater attention to environmental considerations related to the actions supported, in particular by establishing appropriate safeguards to prevent environmental counter-effects. They ought to report on the effects of the actions carried out in terms of reduction of the number of fires or natural disasters and of the area damaged.

The rapporteur asks the Commission to establish common criteria to identify the scale of fire risk in European forests, in order to end the arbitrary and inconsistent definition of high fire risk areas and therewith the deficient evaluation and selection process by Member States. He urges the Member States to select its preventive actions according to the actual needs of fire risk and in line with the requirements of measure 226 instead of other environmental or economic objectives; insists in this regard on the necessity for beneficiaries to prove unconditionally and document accurately their need for support under this measure.

He invites the Member States to better coordinate and structure their forest fires policies and supports the creation of a European platform for beneficiaries to share and promote best practices.

The Rapporteur's working document (EN) is available on the [CONT website](#).

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2014.

*** VOTING TIME ***

Rapporteur for the opinion:
[Michael Theurer](#) (ALDE)

Administrator:
Philippe Godts

Adoption of draft opinion
Main committees:
BUDG
ECON

Timetable:

Adoption in main committees ECON and BUDG:
20/04/2015

Plenary vote: June I 2015

6. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS AND AMENDING REGULATIONS (EU) NO 1291/2013 AND (EU) NO 1316/2013



The abovementioned proposal creates the necessary legal framework and provides the budgetary allocations to mobilise 315 Billion in additional investment over the next three years and to target initiatives to make sure that this extra investment meets the need of the real economy.

CONT opinion focuses on sound financial management and accountability issues and in particular on the mandate of the Court of Auditors.

The rapporteur held a meeting with the shadow rapporteurs on 11 March 2015.

203 amendments were tabled by CONT members; the mixed language version of these amendments was circulated on 25 March 2013 and the English version by 1 April. Other languages versions are available on the [CONT website](#).

The voting list was circulated on 31 March 2015.

*** END OF VOTING TIME ***

TUESDAY 14 APRIL 2015

9.00 - 10.00 - Coordinators' meeting in camera



7. COORDINATORS' MEETING

Meeting held in camera

TUESDAY 14 APRIL 2015

10.00 - 11.00 in camera



8. PRESENTATION AND EXCHANGE OF VIEWS ON THE COURT'S CONSIDERATIONS FOR ANNUAL REPORT REFORMS (ANNUAL REPORT 2014+) IN THE PRESENCE OF THE ECA MEMBER RESPONSIBLE FOR THE STATEMENT OF ASSURANCE, LAZAROS S. LAZAROU

Meeting held in camera

TUESDAY 14 APRIL 2015

11.00 - 12.30 public meeting

Rapporteur:
[Zigmantas Balčytis](#) (S&D)

Administrator:
 Philippe Godts

Presentation of the Special Report by the Member of the European Court of Auditors responsible, Kevin Cardiff, and consideration of a working document

9. SPECIAL REPORT No 22/2014 (2014 DISCHARGE): KEEPING THE COSTS OF EU - FINANCED RURAL DEVELOPMENT PROJECT GRANTS UNDER CONTROL



The audit of the European Court of Auditors focuses on the grants given towards the costs of investments and other projects undertaken by farmers, businesses, local authorities and other organisations in rural areas. According to the principle of economy subsidies should be given for the right things at the best price. In the context of rural development projects, this means

that the items for which the grant is given should be of the type, quality and quantity needed to achieve the intended outputs and results. The grant for these items should be based on the lowest available price for the required specification.

Any subsidy distorts the real cost-benefit relationship, which may encourage the applicant to specify a higher-cost solution than necessary, from 'gold-plating' through to investments that are disproportionate to the outputs or results expected.

Subsidies also reduce the incentive for the applicant to search for the best prices. Applicants may prefer to favour a higher-cost supplier. At the extreme, there is the possibility that they or the suppliers may manipulate the process thereby inflating the costs.

There is also a specific risk linked to the changes made to the project after the grant has been approved. Mitigating measures should be taken to ensure that the costs are still reasonable and to deter the advantages occasionally given by the supplier that lower the real cost (risk of project changes).

Court's findings and observations:

1. The Court found that the approaches followed by the Commission and the Member States were not the most effective.
2. The Commission reacted after problems emerged rather than ensuring that systems were sound in the first place.
3. The Commission did not offer guidance or spread good practice at the start of the 2007-13 programming period. It did not ensure that Member States' systems were effective before they started approving large volumes of grants.

4. Regarding the Member States, the Court identified some well-designed approaches to address certain risks but all had weaknesses in relation to the main risks such that overall, the costs of rural development grants were not well controlled.

The Court concludes that there is considerable scope for making real savings in rural development project grants in the 2014-20 programming period by better approaches to controlling the costs.

In its recommendations the draftsman

- notes that EU rural development policy is the key to fostering the competitiveness of agriculture and to ensuring the sustainable management of natural resources, and climate action;
- shares the Court's view that the Commission and Member States should check early in the new programming period that the control systems operate efficiently and are effective in relation to the risks;
- stresses that the Commission and Member States should cooperate to ensure that the approaches followed for all Rural Development Programmes meet the criteria determined by the Court for assessing whether control systems address the risks of over specification, uncompetitive prices and project changes, and target the areas of greatest risk;

The Rapporteur's working document (EN) is available on the CONT website.

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2014.

Rapporteur:
[Miroslav Poche](#) (S&D)

Administrator:
Philippe Godts

Presentation of the Special Report by the Member of the European Court of Auditors responsible, Rasa Budbergytė, and consideration of a working document



The audit of the European Court of Auditors addressed the following main question:

To what extent are the main causes of the high error rate for rural development 8.2% for the years 2011, 2012 and 2013 being effectively addressed by the Commission and the Member States?

1. The Court concludes that the Commission and the Member States are partially effective in addressing the main causes of the high error rate for rural development. This overall conclusion is mainly based on the assessment that, despite the Commission's initiatives, Member States' action plans did not systematically address the weaknesses identified.
2. Despite an equal share of expenditure, investment measures account for two thirds of the error rate and area-related aid for the remaining third.
3. The Court has compared the Member States' financial implementation rates (i.e. the ratio of cumulative actual payments to plan) with their error rates. Since the beginning of the programming period until the end of the 2013 financial year figures show a strong negative correlation between financial implementation rates and error rates.
4. For investment measures, the causes of errors can be identified in two ways:
 - from the beneficiary perspective, the main sources of non-compliance related to public procurement, eligibility criteria for private and public beneficiaries and suspected fraudulent actions by private beneficiaries;
 - from the paying agency perspective, the Court concludes that most errors could and should have been prevented during administrative and on-the-spot checks.
5. For area related aid, three factors explain the error rate:
 - limited incentives for beneficiaries to comply with farming commitments as the efforts to comply with the most environmentally friendly techniques are not rewarded by immediate positive effects on the farm;
 - a low control rate for farming commitments and
 - weak deterrence by the sanction system

Agri-environment aid is the most error prone area-related measure. Infringements of agri-environment commitments accounted for one eighth of the total error rate;
6. As a response to the high error rate in rural development, the Commission asked Member States to develop action plans to prevent and correct the causes of errors. While this is a positive development, the action plans mainly have a reactive role, and do not systematically address the problems that caused the errors in all Member States.

In particular the Commission did not request Member States to systematically address the most serious widespread

deficiencies encountered at EU level, such as non-compliance with irregularities and insufficient administrative checks of agri-environmental commitments.

7. The EU legal framework for the 2014-2020 Programming period is a potential means of addressing the causes of error. However, two stages in the regulatory set-up which are currently ongoing provide the main potential for reducing errors; the Commission's review and approval of rural development programmes, and the Member States' implementation of national regulatory frameworks.

In its conclusions the draftsman

- recognizes the effort made by the Member states and the Commission with a view to reducing errors in rural development spending, especially in this time of difficult economic situation and fiscal austerity;
- notes, that on the basis of Member states' and its own audits findings, the Commission has implemented or is in a process of implementing corrective measures in many fields identified in the ECA report;
- is concerned by the high error rate detected by the Court of Auditors in rural development policy but welcomes the slight downward development in the recent 3 years from 8.2% to 7.9%;
- highlights that the easier the rules, the less prone to errors they are and is worried that the error rate regarding the new complicated rules of the reformed CAP can again rise in the upcoming years, therefore calls for a real simplification of the CAP;
- is persuaded that the costs of management and controls (EUR 4 billion) for the whole CAP is sufficient and the emphasis should be put on improving the efficiency of the controls and not increasing their number.
- calls on the Commission and the Member States to focus on the root causes of error for rural development spending.

The Rapporteur's working document (EN) is available on the CONT website.

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2014.

TUESDAY 14 APRIL 2015

15.00 - 18.30 public meeting

Rapporteur:
[Monica Macovei](#) (EPP)

Administrator:
Tereza Pinto de Rezende

11. HEARING ON "COOPERATION AND VERIFICATION MECHANISM WITH REGARD TO BULGARIA AND ROMANIA"



Eight years later and 14 reports on the progresses of Bulgaria and Romania produced by the Commission, the CONT Members decided to evaluate the state of the Cooperation and Verification Mechanism (CVM) with regard to Bulgaria and Romania. In this regard, a balance should be drawn on the results and the effects of the CVM with regard to the protection of the financial interest of the

Union, the judicial reform and the fight against fraud and corruption.

The hearing takes place in 14 April afternoon from 15h00 to 18h30 in room ASP 1G-3.

It will start with the opening remarks by the Chair Ms Gräßle, followed by an introduction of the Rapporteur Ms Macovei and Ms Catherine Day, the European Commission Secretary General as a keynote speaker.

Then the panel on Romania will count with the presence of Mr Cazanciuc, Minister of Justice of Romania, Ms Laura Codruta Kövesi, Chief Prosecutor of the National Anticorruption Directorate, Ms Laura Stefan, Member of Expert Forum in Romania and Mr James Hamilton, an Independent Legal Consultant coming from Ireland. A period for questions, replies and debate on Romania takes place after the experts interventions.

The hearing will continue with the panel on Bulgaria, starting with Mr Hristo Ivanov, Minister of Justice of Bulgaria, Dr Helmut Palder, Counsellor from the Bavarian Ministry in Germany, followed by Ms Zinaida Zlatanova, former Minister of Justice, expert in EU affairs, followed by Mr Ruslan Stefanov, Director in the Centre for the Study of Democracy in Bulgaria and Dr Linka Toneva-Metodieva, expert from Transparency International-Bulgaria. The period for questions, replies and debate on Bulgaria will take place after the interventions.

The closing remarks will be made by the Rapporteur and the keynote speaker.



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NEXT MEETINGS (BRUSSELS)

- **4 May 2015, 15.00 – 18.30 (Brussels)**
- **5 May 2015, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)**